



LODI CITY COUNCIL
Carnegie Forum
305 West Pine Street, Lodi

"SHIRTSLEEVE" SESSION

Date: August 14, 2007

Time: 7:00 a.m.

For information regarding this Agenda please contact:

Randi Johl

City Clerk

Telephone: (209) 333-6702

NOTE: All staff reports or other written documentation relating to each item of business referred to on the agenda are on file in the Office of the City Clerk and are available for public inspection. If requested, the agenda shall be made available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and the federal rules and regulations adopted in implementation thereof. To make a request for disability-related modification or accommodation contact the City Clerk's Office as soon as possible and at least 24 hours prior to the meeting date.

Informal Informational Meeting

A. Roll call by City Clerk

B. Topic(s)

B-1 Utilities Quarterly Update (EUD / PW)

B-2 Electric Utility Department Westside Substation Overview (EUD)

C. Comments by public on non-agenda items

D. Adjournment

Pursuant to Section 54954.2(a) of the Government Code of the State of California, this agenda was posted at least 72 hours in advance of the scheduled meeting at a public place freely accessible to the public 24 hours a day.

Randi Johl
City Clerk



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Receive Quarterly Utility reports from Electric, Water and Wastewater Utility Departments for 4th Quarter Fiscal Year 2006-2007

MEETING DATE: August 14, 2007

PREPARED BY: Electric Utility, Water Utility and Wastewater Utility Departments

RECOMMENDED ACTION: Receive Quarterly Utility reports for Electric, Water and Wastewater Utility Departments for 4th Quarter Fiscal Year 2006-2007.

BACKGROUND INFORMATION: The attached Electric, Water and Wastewater Utility Department financial reports for the 4th Quarter Fiscal Year 2006-2007 are presented in accordance with established reporting requirements.

In summary the operations for the 4th quarter of fiscal year 2006-07 show the following financial results:

Electric Utility

- Other Income up \$700K from budget
- FY07 Power supply costs up \$2.7M from budget
- Other O&M expenses down \$2.5M
- FY07 Year-end cash at ~\$5.4M

Wastewater

- Cash balance is \$4.9 million
- Revenues exceeded target at 109 % of estimated
- Operating expenses under budget at 94% of budget

Water

- Cash balance is \$1.6 million
- Revenues have exceeded target at 108 % of estimated
- Fund Operating expenses under budget at 98% of budget

Staff from the Electric, Wastewater and Water departments will highlight areas of interest and the financial results from the attached during the presentation at the shirtsleeve meeting on August 14, 2007.

Jim Krueger
Deputy City Manager

APPROVED: _____
Blair King, City Manager



Water and Wastewater

FY07 Quarterly Update

(Through June 30, 2007)

City Council Meeting
August 14, 2007



Summary

WASTEWATER:

- Cash balance is \$4.9 million
- Revenues exceeded target at 109 % of estimated
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WATER:

- Cash balance is \$1.6 million
- Revenues have exceeded target at 108 % of estimated
- Fund Operating expenses under budget at 98% of budget



Wastewater Financials

Preliminary Ending 6/30/07

Revenue	FY Budget	Actuals	% of Budget
Sales Revenues	\$8,016,500	8,468,188	105.6%
Other Revenues	484,400	1,133,118	233.9%
Impact Mitigation Fees	1,607,000	1,453,616	90.5%
Total Revenues	\$10,107,900	\$11,054,922	109.4%
Expenses			
Operating	\$5,063,121	4,146,792	81.9%
Non-Operating	908,793	1,206,533	132.8%
Capital Outlay (See note below)	298,500	555,523	186.1%
Total Expenses	\$6,270,414	\$5,908,848	94.2%
Net Revenue for Debt Service	\$3,837,486	\$5,146,074	134.1%
Debt Service	3,339,110	3,383,421	101.3%
Net Revenue	\$498,376	\$1,762,653	353.7%
Less In-lieu Transfer to General Fund	892,500	892,500	100.0%
Net Increase (Decrease) in Cash	(\$394,124)	\$870,153	-220.8%
Beginning Cash Balance	\$ 2,956,954	\$ 4,251,700	143.8%
Other Changes in Cash	(1,010,000)	(152,141)	
Ending Cash Balance	\$1,552,830	\$4,969,712	320.0%
Debt Proceeds Reserve		\$8,650,564	
Note: Capital projects budget of \$30,543,500 (in budget document) not included in this analysis 3			



Wastewater Operating Expenses by Series

	FY07 Budget	FY07 Q4	% of Budget
Personnel	\$ 2,468,321	\$ 2,224,343	90.1%
Supplies, Materials, Services	877,254	807,661	92.1%
Equipment, Land, Structures	102,675	124,795	121.5%
Other Payments	795,313	369,035	46.4%
Utilities & Communication	819,558	620,958	75.8%
Total Operating Expenses	\$ 5,063,121	\$ 4,146,792	81.9%



Water Financials

Preliminary Ending 6/30/07

Revenue	FY Budget	Actuals	% of Budget
Sales Revenues	\$9,707,100	\$9,937,820	102.4%
Other Revenues	399,900	1,082,205	270.6%
Impact Mitigation Fees	234,000	119,837	51.2%
Total Revenues	\$10,341,000	\$11,139,862	107.7%
Expenses			
Operating	4,468,583	4,372,974	97.9%
Non-Operating	909,259	962,055	105.8%
Capital Outlay	6,926,748	4,324,293	62.4%
Total Expenses	\$12,304,590	\$9,659,322	78.5%
Net Revenue for Debt Service	(\$1,963,590)	\$1,480,540	
Debt Service	227,976	68,132	29.9%
Net Revenue	(\$2,191,566)	\$1,412,408	
In-lieu Transfer to General Fund	767,040	767,040	100.0%
Net Increase (Decrease) in Cash	(\$2,958,606)	\$645,368	
Beginning Cash Balance	\$ 829,000	\$ 87,136	See note below
Other Changes in Cash	2,908,617	891,271	
Ending Cash Balance (preliminary estimate)	\$779,001	\$1,623,775	Includes \$1.3 M
Central Plume Trust Account	\$6,056,155	\$8,384,445	From Fire IMF



Water Expenses by Series

	FY07 Budget	FY07 Q4	% of Budget
Personnel	\$ 1,211,337	\$ 1,049,013	86.6%
Supplies, Materials, Services	621,811	298,688	48.0%
Equipment, Land, Structures	3,851	3,890	101.0%
Other Payments	1,751,844	2,406,865	137.4%
Utilities & Communication	879,740	614,518	69.9%
Total Operating Expenses	\$ 4,468,583	\$ 4,372,974	97.9%



Electric Utility Department

FY07 Quarterly Update **(Through June 30, 2007)**

City Council Shirtsleeve Session
August 14, 2007



FY07 Overview

Cash position improved \$1.8 million in FY07.

- Other Income up \$700K from budget
- FY07 Power supply costs up \$2.7M from budget
- Other O&M expenses down \$2.5M
- FY07 Year-end cash at ~\$5.4M

FY08 Open Position Only 7%



FY07 Financial Results

Cash Flow			
Preliminary Unaudited	FY07	FY07	FY07
Revenue	Budget	Actuals	Difference
Sales Revenues	65,876,175	65,797,247	(78,928)
Other Revenues	1,008,564	1,711,340	702,776
Total Revenues	66,884,739	67,508,587	623,848
Expenses			
Purchase Power	41,955,968	44,664,680	2,708,712
Non Power	11,874,477	9,320,093	(2,554,384)
Total Expenses	53,830,445	53,984,773	154,328
Net Revenue for Debt Service	13,054,294	13,523,814	469,520
Debt Service			
Net Revenue	6,265,777	6,531,392	265,615
In-lieu Transfer to General Fund	6,779,000	6,779,000	-
Net Increase (Decrease) in Working Capital	9,517	213,422	203,905
Beginning Cash Balance	3,631,402	3,631,402	-
Changes in GOR	-	1,624,786	1,624,786
Ending Cash Balance	3,640,919	5,469,610	1,828,691



Electric Expenses by Series

	FY07 Budget	FY07 Actual	% of Budget
Personnel	\$ 6,162,788	\$ 5,044,431	81.9%
Supplies, Materials, Services	\$ 1,347,619	\$ 1,118,174	83.0%
Equipment, Land, Structures	\$ 905,041	\$ 542,249	59.9%
Other Payments	\$ 479,100	\$ 240,091	50.1%
Communication & Transportation	\$ 81,683	\$ 80,243	98.2%
Total Operating Expenses	\$ 8,976,231	\$ 7,025,189	78.26%



FY07 Sales

	kWh		
Customer Class	FY Projections	FY Actuals	% Difference
Residential	161,851,811	159,247,195	-1.61%
Small Commercial	166,024,754	165,935,314	-0.05%
Large Commercial/Small Industrial	41,192,794	38,420,684	-6.73%
Industrial	104,615,054	95,137,552	-9.06%
TOTAL	473,684,413	458,740,745	-3.15%
	Revenue		
Customer Class	FY Projections	FY Actuals	% Difference
Residential	\$ 26,815,846	\$ 27,013,494	0.74%
Small Commercial	\$ 25,900,955	\$ 25,313,133	-2.27%
Large Commercial/Small Industrial	\$ 5,338,156	\$ 4,814,445	-9.81%
Industrial	\$ 7,821,218	\$ 8,656,175	10.68%
TOTAL	\$ 65,876,175	\$ 65,797,247	-0.12%



HDD and CDD

Month	Year	HDD	Normal	CDD	Normal
July	2006	0	0	650	504
August	2006	0	0	449	430
September	2006	3	13	288	263
October	2006	96	76	9	73
November	2006	316	348	2	0
December	2006	530	609	0	0
January	2007	617	592	0	0
February	2007	348	391	0	0
March	2007	157	313	9	0
April	2007	106	169	45	18
May	2007	19	54	158	111
June	2007	1	6	297	254
Total		2,193	2,571	1,907	1,653



Other Revenue

Other Revenue	Budget	Actual
Investment Earnings	\$ 426,644	\$ 889,931
Property Revenue	\$ 86,800	\$ 381,124
Work for Others/City	\$ 495,120	\$ 440,285
TOTAL	\$ 1,008,564	\$ 1,711,340



NCPA “GOR”

- **General Operating Reserve**
- **Provides funding for contingencies**
- **GOR levels**
 - \$3,113,432 (July 1, 2006)
 - \$4,738,218 (June 30, 2007)

GOR Increase of \$1,624,786



Financial Forecast

	Actual FY06	Preliminary FY07	Budgeted FY08	Projected FY09	Projected FY10	Projected FY11
Revenue						
Sales Revenues	59,112,591	65,797,247	66,889,770	67,416,135	68,439,986	69,726,512
ECA Revenue	-	-	3,188,145	6,242,323	6,261,176	(267,740)
Other Revenues	2,263,669	1,711,340	1,022,564	1,044,564	1,063,564	1,082,564
Total Revenues	61,376,260	67,508,587	71,100,478	74,703,022	75,764,726	70,541,336
Expenses						
Purchase Power	42,838,940	44,664,680	42,333,517	45,695,736	46,313,769	40,537,757
Non-Power Costs	10,902,499	9,320,093	11,300,000	12,091,000	12,937,370	13,842,986
Total Expenses	53,741,439	53,984,773	53,633,517	57,786,736	59,251,139	54,380,743
Net Revenue Available for DS	7,634,821	13,523,814	17,466,961	16,916,286	16,513,587	16,160,594
Debt Service	5,963,454	6,531,392	9,131,628	6,628,356	6,670,247	7,909,346
Net Revenue	1,671,367	6,992,422	8,335,333	10,287,930	9,843,340	8,251,248
In-lieu Transfer To General Fund	6,050,000	6,779,000	6,873,228	6,968,766	7,065,632	7,163,844
Net Increase (Decrease)	(4,378,633)	213,422	1,462,105	3,319,164	2,777,708	1,087,404
Beginning Cash	4,896,603	3,631,402	5,469,610	6,931,715	10,250,879	13,028,588
GOR	3,113,432	1,624,786	-	-	-	-
Ending Cash	3,631,402	5,469,610	6,931,715	10,250,879	13,028,588	14,115,991



Financial Ratings

- **Fitch** upgrades certificates of participation (COP) notes to 'BBB' from 'BBB-'. The rating outlook is changed from “negative outlook” to “**positive**”.
- **S&P** changes the “negative outlook” to “**stable**” for electric utility COP notes of ‘**BBB+**’.



FY07 Power Supply

	Budget	Actuals	Change in \$\$	Change
Generation	\$36,639,623	\$42,658,638	\$ 6,019,015	16.43%
Transmission	\$ 5,934,099	\$ 4,968,693	\$ (965,406)	-16.27%
Management Services	\$ 2,243,590	\$ 2,225,106	\$ (18,484)	-0.82%
Third Party Revenue	\$ 2,861,344	\$ 5,187,757	\$ 2,326,413	81.30%
TOTAL	\$41,955,968	\$44,664,680	\$ 2,708,712	6.46%



FY08 “Open Position”

	Lodi Total Surplus/(Deficit)	Load	% of Load	Lodi HLH Surplus/(Deficit)	Load	% of Load	Lodi LLH Surplus/(Deficit)
July 2007	(3,699)	53,597	-6.9%	(763)	33,935	-2.2%	(2,936)
August	(3,767)	49,592	-7.6%	(2,015)	32,886	-6.1%	(1,752)
September	223	42,940	0.5%	460	26,615	1.7%	(237)
October	(1,209)	38,430	-3.1%	(1,194)	25,325	-4.7%	(16)
November	(1,401)	35,719	-3.9%	(616)	23,150	-2.7%	(784)
December	(2,023)	37,802	-5.4%	(306)	23,379	-1.3%	(1,717)
Jan 2008	(5,898)	36,994	-15.9%	(3,722)	23,390	-15.9%	(2,175)
February	(5,403)	35,512	-15.2%	(3,209)	23,016	-13.9%	(2,194)
March	(2,963)	36,637	-8.1%	(1,437)	23,066	-6.2%	(1,525)
April	(3,648)	36,293	-10.1%	(4,287)	23,797	-18.0%	639
May	(1,000)	39,059	-2.6%	(1,955)	25,104	-7.8%	956
June	(3,109)	43,062	-7.2%	(1,995)	27,469	-7.3%	(1,114)
Net Total	(33,896)	485,638	-7.0%	-21,039	311,132	-6.8%	-12,858



FY07 Summary

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FY08 Open Position Only 7%

B-2



MEMORANDUM

Office of George F. Morrow, Director

TO: Blair King, City Manager
FROM: George Morrow, Electric Utility Director
DATE: August 10, 2007
SUBJECT: Overview of EUD's Planned Westside Substation

The Electric Utility Department's electric system distribution plans include the construction of a new substation for operation as early as 2010.

This new Westside Substation would be located at the southwest corner of Kettleman Lane and Westgate Drive. Land for the substation was purchased by the City in 2001.

In order to keep the project moving forward, EUD plans to request City Council approval in the near future to issue an RFP for preliminary engineering services and wall construction.

Attached is a PowerPoint presentation providing background on the proposed new substation for your information.

George F. Morrow
Electric Utility Director



Electric Utility Department

Westside Substation

**City Council Shirtsleeve Session
August 14, 2007**

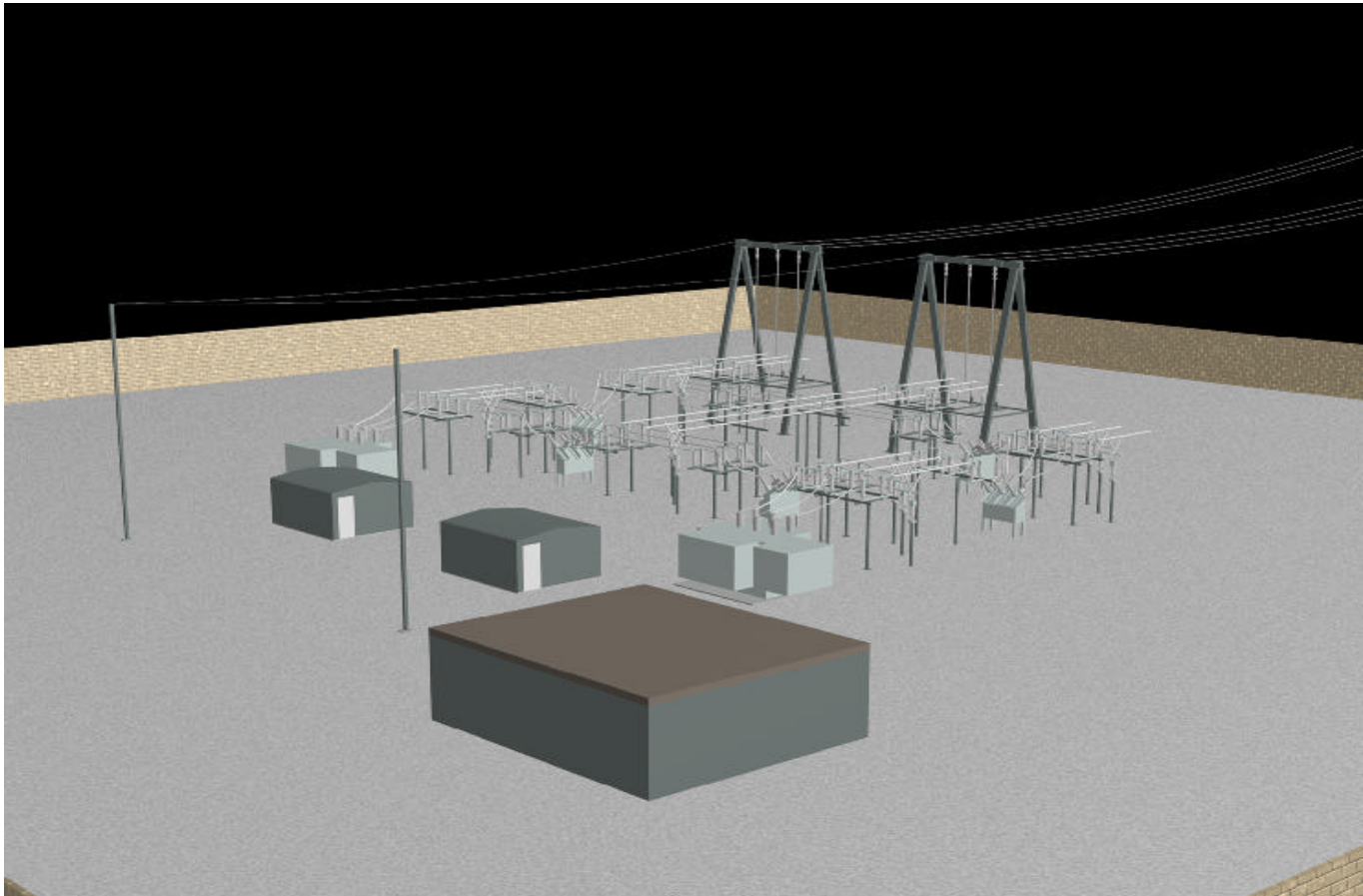


SUBSTATIONS

- Substations facilitate the transfer of bulk electric power from generating sources to load centers.
- At load centers, power is then distributed to “end users” (homes, businesses, etc.)
- Substations also provide mechanism for routing power around system problems (e.g. storm damage, equipment malfunctions, load imbalances, etc.)



Typical Substation Layout



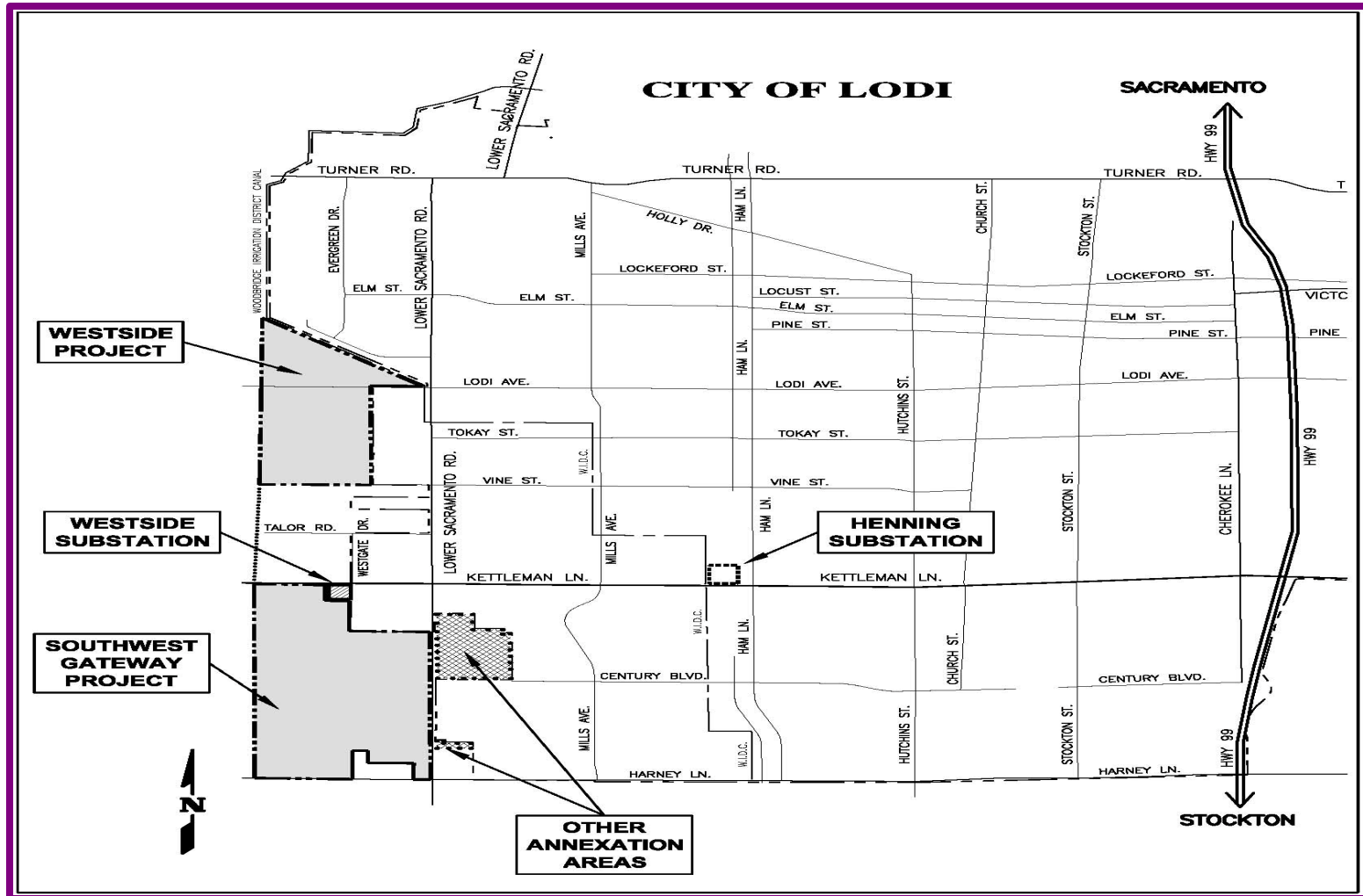


Westside Substation Location

- Corner of Westgate Drive & HWY 12
 - At the southern side of HWY 12
 - And western side of Westgate Drive
- Approximately 325ft by 301ft
- Included in the City's Westside Facilities Master Plan dated January 26, 2001



Site Map





Property Details

- Portion (~4.10 Acres) of land under APN 058-030-01 owned by the Reichmuth
- Purchased by the City on August 12, 2003 for the Electric Substation Parcel
- Recorded by San Joaquin LAFCo on November 13, 2003
- APN 058-030-07 under the Van Ruiten & Zunino Annexation per Doc# 2003-263078
- 70% for EUD and ~30% for PW



Overview

- Two-32MVA TR & a space for 3rd unit
- Design: Open construction or GIS
- Eight to twelve maximum 12kV feeders
- Five 60kV line interconnections
 - McLane to Westside Line (existing)
 - Henning to Westside Line (existing)
 - Industrial to Westside Line (in construction)
 - Double circuit NCPA to Westside Lines (under siting evaluation)





Load Serving Capacity

- Maximum Substation Capacity = 64MVA
- Henning Substation non-coincidental peak load = 55.04MW (86% of capacity)
- New Electrical Loads (**Total = 22.68MW**):
 - Southwest Gateway Project = 6.61MW
 - WalMart Shopping Center = 3.70MW
 - Westside Project = 4.13MW
 - Other Annexation Projects = 1.2MW
 - Henning Load Transfer (keep <75% load) = 7.04MW



Schedule

- Preliminary Engineering Phase = 6 mo.
- Block Wall Construction = 6 mo.
- Substation Final Design Phase = 18 mo.
- Environmental Study = 4 mo.
- Substation Construction = 12 mo.
- Westside Substation Development =
3 to 4 years



Tasks Completed

- Property survey of substation lot and 60kV steel poles south of Hwy 12
- Mounted 60kV steel poles north of Hwy 12
- Designed 12kV underground systems from the substation (north & south of HWY 12) to the annexation projects
- Laid out 12kV padmounted switches and vaults for the 600-amp main UG feeders



Proposed RFP

- Soil resistivity test
- Preliminary ground grid design per Std. 80
- Ground potential rise (GPR) study
- Preparation of preliminary substation layout, design, criteria, and cost/benefit analysis
- Engineering & design perimeter block wall fence and landscape



Summary

- New substation planned on westside of Lodi
- Previously acquired site is at Westside Road and Kettleman
- RFP for preliminary engineering tasks and wall construction planned in near future
- Projected in-service date of 2011